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THE INTERIM

A REPORT OF INTERIM ACTIVITY . . . MONTANA LEGISLATIVE COUNCIL . . . HELENA

OCTOBER 1984

VOL. IV, NO. 17

JOINT INTERIM SUBCOMMITTEE NO. 3

SEPTEMBER 6
AND 7 MEETING
HELD

Joint Interim Subcommittee No. 3 met in Helena on Thursday, September 6, and Friday, September 7, 1984, to continue work on the following four studies:

INSURANCE
LAWS

The Subcommittee held a public hearing on the effects of Montana's unisex insurance law. Following the hearing, the Subcommittee voted to draft legislation amending HB 358 to: exclude maternity benefits; require all Montanans to comply with the law even if insurance is purchased out of state; and grandfather policies purchased elsewhere by persons becoming Montana residents.

**SHELFED WITH
PERIODICALS**

The Subcommittee discussed a staff report on programs to improve the enforcement of mandatory motor vehicle liability laws in other states. Draft legislation was requested that would allow the Motor Vehicle Division to random-sample registered vehicles for liability coverage as is done in Oregon, Nevada, and New Mexico.

STATE
INVESTMENTS
BILLS

On the subject of state investments, the Subcommittee approved for recommendation:

- LC 12 which adds Federal Home Loan Mortgage Corporation to the list of securities authorized to be pledged to secure deposits of public funds thus making them also permissible investments.

- LC 13 which provides four additional exempt positions on the staff of the Board of Investments.

- LC 11 which provides representation of the retirement systems on the Board of Investments.

STATE DOCUMENTS COLLECTION

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- LC 15 which amends the constitution to remove restrictions on corporate capital stock investments and provides that the "prudent expert" principle govern investment of public funds.
- LC 16 which amends the Unified Investment Program to conform with LC 15.

The Subcommittee tabled:

- LC 14 which amended the constitution to remove restrictions on investments of public funds in corporate capital stock.
- LC 17 which created an investment oversight committee.

COURT
UNIFICATION

After reviewing six bill drafts concerning the operation and funding of the Montana judicial system, the Subcommittee:

- tabled two bills (LC 27 permitting counties to transfer jurisdiction of justices' courts to district courts and LC 28 permitting local governments to abolish limited jurisdiction courts and requiring the establishment of magistrate divisions within certain district courts);
- agreed to postpone action on two bills (LC 29 requiring certain cases to be filed in justice's court rather than district court and LC 30 permitting district court judges to specify by court rule that certain cases be filed in justice's court);
- approved two bills for submission to the 1985 Legislature (LC 31 requiring mandatory orientation and training sessions for district court clerks and deputies and persons performing similar duties for the limited jurisdiction courts and LC 32 requiring the state to fund certain district court expenses and to fully fund the district court grant program); and
- requested staff to draft the following legislation: (1) a bill creating the position of magistrate within the district courts; (2) a bill creating a magistrate court to replace city and municipal courts in

heavily populated counties; and (3) a bill removing centrally assessed property from local mill levies and instead subjecting this property to a mill levy that is average for the state.

PUBLIC
PENSIONS

In the public pension area, Subcommittee members recommended that LC 9, a bill creating a legislative pension oversight committee, be submitted to the 1985 Legislature.

FINAL MEETING NOVEMBER 15 The Subcommittee will hold its final meeting on Thursday, November 15.

REVENUE OVERSIGHT COMMITTEE

SEPTEMBER 21 AND 22 MEETING CONSIDERS A WIDE VARIETY OF TAX ISSUES

The Revenue Oversight Committee met September 21 and 22 in Helena. Among the items discussed at the meeting were the taxation of railroad property, Montana's property tax classification system, corporation tax credits, and a variety of other issues. The Committee also voted to use Lincoln Institute assistance to retain a consultant to advise the members on alternatives available to the state for complying with federal legislation granting protection to railroads from discriminatory property tax treatment.

Draft legislation discussed by the Committee included increasing the flexibility in liquor license transfers, revising timber taxation, permitting local governments to grant a property tax deduction for certain types of structural expansion or reconstruction, and the exemption of church-owned passenger vehicles. In addition, the Department of Revenue proposed 28 draft bills on such things as revising the deduction for married couples, proposing a license fee for a beer wholesaler and wine distributor subwarehouse, proposing a beer importer's license, and allowing the Department to seek a court order to require tax protestors to file correct returns.

The Committee voted unanimously to allow any interested Revenue Oversight Committee member to work on developing a new property tax classification structure. Several members indicated an interest in working on this issue and will meet informally in Helena on October 13 in Room 104 of the Capitol.

NEXT MEETING
NOVEMBER 9
AND 10

The next meeting of the Revenue Oversight Committee will be November 9 and 10 in Helena. Tentative agenda items include a report from the consultant on alternatives available for complying with federal property tax legislation, several draft bills relating to liquor licensing, and a progress report from the group working on restructuring the classification system.

SELECT COMMITTEE ON INDIAN AFFAIRS

LAST MEETING
HELD
SEPTEMBER 20

MENTAL
ILLNESS
NEGOTIATIONS

RESERVED
WATER RIGHTS

OTHER RECOM-
MENDATIONS

The Select Committee on Indian Affairs held its last meeting of the 1983-84 interim on Thursday, September 20. During the meeting, the Committee members were briefed on negotiations between the Indian Health Service and the Montana Department of Institutions on provision of treatment for mentally ill tribal members. The Committee asked Senator Tom Towe, a Committee member, to work with the Department of Institutions to help resolve some of the issues involved in providing services.

The Committee also received an update from the Reserved Water Rights Compact Commission on negotiations between the State of Montana and the tribes concerning Indian reserved water rights. Committee members agreed to sponsor legislation during the 1985 legislative session extending the Commission for two years. The extension proposal is similar to that of the Finance Committee reported later in this issue.

In other action, the Committee voted to introduce bills in 1985 to:

- Streamline and encourage usage of the State-Tribal Cooperative Agreements Act;
- Make Indian tribes eligible to purchase or make exchanges for state lands owned by the State of Montana; and
- Create a Committee on Indian Affairs to operate for the next six years.

SELECT COMMITTEE ON WATER MARKETING

RECOMMEND-
ATIONS TO BE
FORMULATED
NOVEMBER 8
AND 9

The Select Committee on Water Marketing has tentatively scheduled its next meeting for Thursday, November 8, and Friday, November 9, in the Capitol. The Select Committee will begin developing final recommendations and proposals for legislation. During late September, the Select Committee

held hearings in Sidney, Great Falls, and Bozeman to receive public comments on water marketing and state water policy planning.

LEGISLATIVE FINANCE COMMITTEE

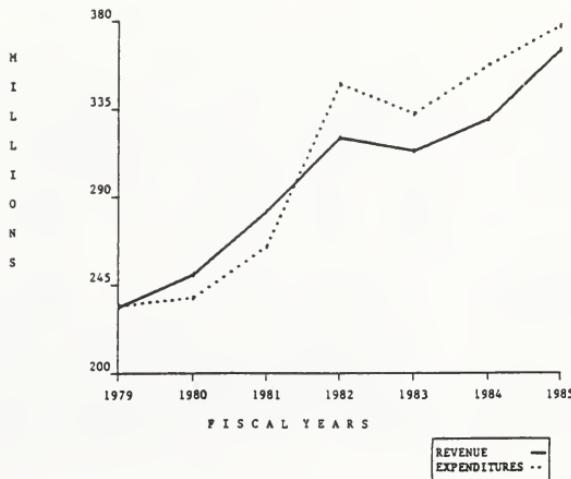
SEPTEMBER 14 AND 15 MEETING

The Legislative Finance Committee met on September 14 and 15. Major items discussed were the general fund revenue and fund balance, debt service costs, water rights, service paybacks, and budget amendments.

GENERAL FUND REVENUE VS. EXPENDITURE

Judith Curtis, senior analyst, reported that for fiscal 1984 which ended June 30, 1984, general fund revenue totaled \$330.3 million, compared with \$313.6 million in fiscal 1983. Approximately \$13.1 million of fiscal 1984 revenue was a one-time gain resulting from the refunding of long-range building bonds authorized by the 1983 Legislature. Graph 1 shows revenue and expenditure trends since fiscal 1979. Fiscal 1985 revenue and expenditures are projections. Notice that expenditures have exceeded revenues since fiscal 1982.

GRAPH 1
A COMPARISON OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEARS 1979 THROUGH 1985



Because fiscal 1984 expenditures exceeded revenue, the general fund balance fell to \$30.5 million at the end of fiscal 1984 from \$57.1 million at the end of fiscal 1983. The general fund balance is expected to continue its decline in fiscal 1985 and close the year at approximately \$18 million. The projected ending fund balance for fiscal 1985 does not include allowances for supplemental appropriations which may be made by the 1985 Legislature.

GENERAL FUND
DEBT SERVICE

Judith Curtis also gave a report on general fund debt service costs. The report compared the schedule of principal and interest costs which now face the state with those anticipated at the close of the 1983 legislative session. Compared with post-session projections, the present schedule of debt service costs will save the state \$18.6 million over the life of outstanding bonds which extends to fiscal 2010. However, for 12 years, those from fiscal 1985 through 1996, actual debt service costs are now higher than those forecast before the August and October 1983 bond sales. Thus, the general fund experiences long-term cost savings, while debt service costs increase in the near term.

FOREST FIRE
COSTS

The Department of State Lands reported on costs associated with the recent fires. This report showed preliminary 1985 fire season costs of \$7.3 million requiring a projected general fund supplemental of \$3.7 million.

The Finance Committee discussed the question of purchasing fire protection for state and private forest lands or providing it directly. The Committee voted to support the Department's recommendation to provide direct state protection on 355,000 acres in the White Sulphur Springs area. No action was taken concerning how much of the fire protection costs private landowners will pay or how costs will be shared between the small and large landowners.

WATER
ADJUDICATION
PROGRAM

Judge Lessley, the chief water judge, said that water adjudication will be complete by 1989. Current progress rates indicate there will have to be a substantial acceleration in the program to complete the process in five years. The remaining cost of completing the project will be over \$10 million. If the Indian rights are not settled with the Compact Commission, the costs could be substantially higher. The Committee voted to

recommend extension of the Compact Commission from its currently scheduled July 1, 1985 termination until July 1, 1987.

SERVICE/
PAYBACK
REQUIREMENTS
FOR STUDENTS

The desirability of implementing service or payback requirements on students receiving state assistance to attend out-of-state schools was discussed. Approximately 220 students a year are funded through WICHE, WAMI, and Minnesota Rural Dentistry programs at a cost of \$3.9 million. The Committee will give further consideration to a service/payback requirement at the November meeting.

The next meeting of the Legislative Finance Committee is November 14 and 15.

ADMINISTRATIVE CODE COMMITTEE

SESSION HELD
SEPTEMBER 14

The Administrative Code Committee met on September 14, in the Capitol and reviewed the results of its survey on state agency policies enforced as law but not adopted as rules. The Committee received a report on the resolution of a butterfat testing procedure for milk with which it had been concerned. The Committee also reviewed Issues 3 through 15 of the 1984 Montana Administrative Register. The Committee does not contemplate a meeting in October.

ENVIRONMENTAL QUALITY COUNCIL

WORK
CONTINUED
SEPTEMBER 6
AND 7 ON MANY
ISSUES

The Environmental Quality Council and its subcommittees met September 6 and 7 in Helena to continue work on a number of ongoing projects. The Natural Resources Oversight Subcommittee gave further consideration to proposed legislation to a program to allocate income from the Resource Indemnity Trust Tax and to proposed rules for the Major Facility Siting Act. The Subcommittee also reviewed a report comparing hard-rock taxation policies of different states and called for more study on the specifics of Montana's mineral tax system. The Toxic Substances Subcommittee reviewed proposed legislation to revise Montana's weed control law. The bill would require each local weed district to prepare a long-range plan and would give local officials the flexibility to target their programs to provide more effective weed management. The Water Oversight Subcommittee reviewed the budget of the state Water Quality

Bureau as part of the Subcommittee's assessment of Montana's water quality monitoring and enforcement efforts.

Primary topics of discussion at the meeting of the full EQC included the problem of leaking underground fuel storage tanks, the need and costs associated with establishing a state-sponsored hazardous waste collection and disposal facility, and the proposed Natural Resource Information System to catalogue state data on natural resources. In other business, the Council adopted the recommendations of a draft staff report evaluating the Renewal Energy and Conservation Program, administered by DNRC.

MONTANA SALARY COMMISSION

COMMISSION
ORGANIZED
SEPTEMBER 14

Mae Nan Ellingson of Missoula was elected to chair the Montana Salary Commission during its organizational meeting on September 14.

PUBLIC
OFFICIALS
HEARD

During that meeting, the Salary Commission heard presentations by Helen Peterson, a member of the State Tax Appeal Board, and by Judge Arnold Olsen of Butte, president of the District Judges' Association.

The next meeting of the Salary Commission is scheduled for Tuesday, October 16, at 10 a.m. in Room 104 of the Capitol.

COAL TAX OVERSIGHT SUBCOMMITTEE

MEETING
OCTOBER 8
WITH N.D.
LEGISLATORS

A joint meeting with the North Dakota Legislature's Tenneco Plant Committee is set for Monday, October 8, in the Montana-Dakota Utilities Company's community room in Billings.

Last October, the Coal Tax Oversight Subcommittee traveled to Beulah, N.D., for the first meeting with the North Dakota Committee to discuss the mitigation of local impacts of Tenneco's proposed coal gasification plant in the Beach-Wibaux area. The North Dakota Committee has drafted a bill for an interstate compact to share resources to mitigate impacts. Despite the fact that Tenneco has decided not to proceed with plans for the Beach-Wibaux project, the North Dakota Committee will present its compact draft to the Coal Tax Oversight Subcommittee so the two groups can complete their assignments.

OTHER
BUSINESS
ON AGENDA

Other subjects on the Coal Tax Oversight Subcommittee's agenda for October 8 include:

- State Federation of Libraries' annual report.
- Funding for vocational-technical centers.
- Report on the recommendations for technology development of the Governor's Council on Science and Technology.
- Montana State University's role in coal research.
- Review of draft of LC 81 allowing \$2 per ton deduction from contract sales price for crushing, hauling, load-out, and reclamation.
- Legislative proposals from the Coal Board.
- Use of coal severance tax funds for research on coal use and marketing.

FIVE-STATE CONFERENCE COMMITTEE ON
INTERSTATE MOVEMENT OF LIVESTOCK

GLENDIVE
MEETING HELD

Legislators, state veterinarians, and livestock leaders from the Dakotas, Wyoming, and Montana met in Glendive on September 10 for a day-long meeting on the problems associated with interstate movement of livestock. Representative Dean Switzer chaired the meeting. The purpose of the group, created by the Five-State Conference, is to try to adjust state regulations so cattle can be transported with one simple permit among the states. Animal diseases and disease control issues were at the core of the group's discussions. Scabies and scabicides, Bangs vaccination identification for interstate movement, hot iron brands and animal health, tuberculosis, brucellosis free area to free-area movement, movement of rodeo stock, and an overview of trichomoniasis were among the issues discussed.

RESOLUTIONS
PASSED

The Committee passed resolutions calling upon the National Park Service to make a commitment to the goal of eradication of brucellosis in Yellowstone Park, recommending that cattle moved from one brucellosis-free area to another be so accompanied by a certificate of calfhood vaccination, and recommending that the USDA and USAHA consider bison under the same rules as cattle for the eradication of tuberculosis.

WESTERN STATES LEGISLATIVE FORESTRY TASK FORCE

ALASKA MEETING HELD Senator Elmer Severson was elected chairman of the Task Force at a meeting held in Ketchikan, Alaska, August 31 - September 2. The Task Force consists of two senators and two representatives from six western states.

INDUSTRY PROBLEMS The Task Force heard from a number of speakers on the plight of the Alaska timber industry. Max Peterson, Chief of the U.S. Forest Service, summed it up by pointing out that total raw material costs are increasing while product prices are declining. He pointed out that the price situation is such that loggers would have to deliver logs free to the mill and absorb all the costs in between for the mills to break even.

OTHER TASK FORCE BUSINESS The Task Force has met four times in 1984: in Sacramento, Portland, Washington, DC, and Ketchikan. Main Task Force topics have been the proposed wilderness bill, overbidding on the west slopes of California, Oregon, and Washington, the "worst case issue" that developed from a court case in Oregon, and the financial dilemma of the timber industry.

EMPLOYMENT SECURITY ADVISORY COUNCIL

TEN MEETINGS SCHEDULED Many legislators have asked about scheduled public meetings of the Employment Security Advisory Council. Ten meetings will be held throughout the state in October giving legislators and other interested citizens an opportunity to review problems in the funding of the state's unemployment insurance program, the reasons for a projected deficit in the fund, and options selected by the Advisory Council to deal with the problem. Comments are solicited.

The meeting schedule is:

October 9	Billings	Lewis & Clark School
10	Miles City	Miles Community College
11	Glasgow	Courthouse Court Room
16	Havre	Northern Montana College Math Science 101
	Butte	Silver Bow Courthouse Council Chambers

17	Bozeman	Montana Power Warehouse 121 E. Griffin
	Great Falls	Ponderosa-Iron Pine 220 Central Avenue
	Missoula	Missoula County Library 301 E. Main St.
18	Kalispell	Outlaw Inn - The Stage
	Helena	Park Plaza Hotel

The meetings will begin at 7:30 p.m., except the Missoula meeting which will start at 7:00 p.m.

For further information, contact the Commissioner of Labor in Helena, telephone 444-3661.

LEGISLATIVE COUNCIL

COUNCIL MET
SEPTEMBER 27 At its meeting September 27, the Legislative Council:

CON CON
PROCEEDINGS -- Approved a proposed bill that would give the Legislative Council authority to determine the methods of disposition and distribution of the 1972 Constitutional Convention Proceedings and set whatever sales price the Council finds appropriate. The bill seems necessary since there are still over 800 sets for sale and no buyers at the price now required by the law. Storage is costing money and destroying the books.

ORIENTATION
DATE SET -- Decided to postpone Legislative Orientation until the first week of the '85 session.

PHOTOTYPE-
SETTER TO BE
PURCHASED -- Asked staff to prepare a budget amendment for the Council code publication revolving fund to purchase an APS-Micro 5 phototypesetter to be used for typesetting legislative and other state publications. The budget amendment will be presented to the Legislative Finance Committee for approval.

LEGISLATIVE
VIDEO TO BE
MADE -- Approved a proposal to contract with the MSU TV Center to prepare a 30 to 45-minute video of the legislative process for use by the Public Information Office and for sale to the public.

NEXT MEETING
NOVEMBER 16 -- The next meeting was set for November 16. The Legislative Intern Program is one item on the agenda that day.

LEGISLATIVE INTERIM CALENDAR
October

SUNDAY

MONDAY

TUESDAY

WEDNESDAY

THURSDAY

FRIDAY

SATURDAY

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State Holiday
Coal Tax Over-
sight Comm.
Billings

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16
Salary Comm.
Rm. 104

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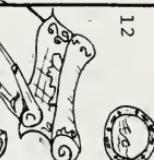
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Rev. Over-
sight Comm.
Rm. 104

*all meetings are subject to change

**LEGISLATIVE INTERIM CALENDAR
NOVEMBER**

*All meetings are subject to change

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